

FINAL DRAFT 10/21/82

10:00 am

PRESIDENTIAL STATEMENT ON MINORITY BUSINESS DEVELOPMENT

This Administration is committed to the goal of greater opportunity for economic progress and independence for all Americans. A major step toward this goal was taken last year with the enactment of our Economic Recovery Program. This program will help promote an environment of expanding opportunities for the formation and development of business enterprise by reducing inflation and stimulating economic growth. In addition, our economic program will increase private savings through incentives provided by tax cuts and will slow the growth of government spending in order to increase the pool of financial resources from which businesses can obtain capital for development.

However, I do not intend to have our efforts end here. Today, I am announcing additional steps to promote an economic environment in which minority entrepreneurs can fully marshal their talents and skills to achieve better lives for themselves and thereby contribute to a stronger economic base for America. Progress will not be easy to achieve but the foundation has already been established through the development, over the last 14 years, of significant minority enterprise activity.

FINAL DRAFT 10/21/82 2

10:00 am

BASIC PRINCIPLES

These steps are based on several important principles:

1. A healthy, growing economy is fundamental to creating the opportunity for the formation and growth of minority owned businesses.
2. Greater economic independence for minority Americans will best be achieved through increased opportunities for private employment and business ownership.
3. Government has an obligation to ensure equal opportunity for all its citizens.
4. Creativity, private entrepreneurship, and individual initiative will ultimately determine the success or failure of individual minority businesses.
5. Expanded involvement of other private firms is crucial to minority enterprise developmental efforts.

FINAL DRAFT 10/21/82

3

10:00 am

ELEMENTS OF THE PROGRAM

Today, I am announcing a series of steps reflecting these principles in six broad areas to provide the basis for a renewed and vigorous minority business effort for the 1980s.

1. NATIONAL PRIORITY. To establish expanded minority business development as a national priority for the eighties:

(a) The Department of Commerce and the Small Business Administration will assist directly in the formation of at least 60,000 new minority businesses over the next ten years.

(b) In addition, during the same period, this Administration will assist in the expansion of at least 60,000 or 10% of the approximately 600,000 minority businesses that already operate in America today, with particular emphasis on minority businesses which contribute to the employment base and those in industries with high growth potential, such as the high technology industries.

2. FEDERAL RESOURCE COMMITMENT. The Federal government will:

FINAL DRAFT 10/21/82

4

10:00 am

(a) Procure directly an estimated \$15 billion in goods and services from minority businesses during Fiscal Years 1983, 1984, and 1985, based upon our current overall procurement plans. Actual goals will be set on an annual basis and will be based upon this Administration's objective of increasing the share of total procurement supplied by minority businesses. This does not include minority business procurement by recipients of Federal grants and cooperative agreements, which could amount to an additional \$6 to \$7 billion.

(b) Make available approximately \$1.5 billion in credit assistance and \$300 million in management and technical assistance to promote minority business development during this same period.

3. PRIVATE SECTOR INITIATIVES. To spur private sector involvement in minority business development:

(a) Through the Department of Commerce and the Small Business Administration, I will solicit the involvement of business leaders in efforts to encourage at least 2,500 firms to expand their business transactions with minority enterprises.

FINAL DRAFT 10/21/82

5

10:00 am

(b) I am asking the Presidential Advisory Committee on Small and Minority Business to explore opportunities for reducing regulatory and other barriers to small and minority business expansion, including meaningful entry into the international trade arena.

4. MINORITY BUSINESS DEVELOPMENT CENTER NETWORK. To improve the delivery of Federal services locally:

(a) The Department of Commerce has established a national network of Minority Business Development Centers. More than one hundred Centers will be located throughout the country in 95 metropolitan areas. In concert with the SBA's Small Business Development Centers, they will provide management and technical assistance and promote increased participation of private firms and other public sector resources.

(b) Selected centers will test a voucher approach to delivering management and technical assistance. A firm seeking consulting services will select a vendor, with costs shared by the Federal government. The government's share of the payment will be in the form of a voucher. This should have the effect of increasing the quality of the assistance provided by encouraging competition among vendors.

FINAL DRAFT 10/21/82

6

10:00 am

5. MARKET DEVELOPMENT. To increase the market opportunities of minority businesses, we will make a number of improvements in Federal procurement programs:

(a) I have already directed contracting agencies to increase the dollar amount of minority business procurement objectives for 1983 by at least 10 percent over actual procurement in 1981.

(b) We will also seek to expand the number of minority firms participating in federal procurement programs in addition to increasing dollar volumes awarded.

(c) To prepare firms to graduate to market competition after completing the 8(a) program, I am directing the SBA to create a pilot program wherein contracts will be awarded on the basis of technical and price competition among 8(a) firms.

(d) To expand minority enterprise participation in Federal government subcontracts, I am directing department and agency heads to develop and implement incentive techniques that stimulate greater minority business subcontracting by Federal prime contractors.

FINAL DRAFT 10/21/82

7

10:00 am

(e) To continue full small and minority business participation in procurement resulting from government grants and cooperative agreements, I am directing the major Federal grant-making agencies to encourage their grantees to achieve a reasonable minority business participation in contracts let from their grants and agreements. This will be done in a manner consistent with the Administration's commitment to the principles of federalism.

(f) I am directing the SBA to explore the feasibility of delegating Section 8(a) authority to Federal agencies so they may place contracts directly with 8(a) firms.

6. FEDERAL ADMINISTRATIVE CHANGES. We are taking a number of steps to improve the management of Federal programs.

(a) To improve the coordination of Federal efforts, I will be issuing a new Executive Order on Minority Business Development. In addition to reaffirming the Federal commitment, it will give responsibility for this effort to the Department of Commerce through the Interagency Council for Minority Business Enterprise. It also directs the Cabinet Council on Commerce and Trade to submit an annual plan specifying measurable minority-enterprise-development objectives for each agency.

10:00 am

(b) To improve the measurement of performance, the Interagency Council for Minority Business Enterprise will establish program management guidelines for all Federal minority business efforts.

(c) To improve the timeliness and quality of minority business information for Federal policy-making purposes, I am directing the Commerce Department to accelerate the release of reports stemming from the semi-decennial Survey of Minority Business Enterprise and, where possible, to expand funding and operation of the minority business economic policy research program.

CONCLUSION

Together, our policies and programs for minority business development should set the stage for the expanded development of minority business. While such a Federal agenda for action is important, of greater importance will be the steps taken by minority entrepreneurs themselves and by other private concerns. General economic growth for America, which is the aim of our Economic Recovery Program, will ultimately provide the most lasting positive effect on minority business development.

Beginning _____ week, I will designate annually the _____ full week in October as Minority Enterprise Development Week.

Recognizing that the realization of the American Dream is ultimately achieved in the private marketplace, we can, through a greater commitment to public and private cooperation, achieve fuller participation in our market economy by minority Americans.